

Rate Rebase and OAP Redesign Phase I Rate Rebase Project Update

NE Division of Developmental Disabilities
Stakeholder Webinar 3
May 25, 2017

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Webinar Agenda

- I. Project Overview
- II. General Ledger Review
- III. Provider Training Survey
- IV. Wrap Up

I. Project Overview

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Rate Rebase and Objective Assessment Process (OAP) Redesign

Goal: *To assess and improve Nebraska DDD's current Medicaid Waiver rate structure to ensure appropriate reimbursement.*

Phase I – Rate Rebase: *Understanding service costs and cost components*

- Analyzing costs for a comparison to service revenues
- Understanding the cost components within a service rate

Phase II – OAP Redesign: *Changing reimbursement structure for services*

- Using findings from Phase I and other predictors of need to reform rate structure
- Altering payment methodologies to better match payment to risk

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Stakeholder Engagement

NE DDD is committed to stakeholder engagement - ensuring people receiving services, families, advocates, and the general public have the opportunity to advise and influence reforms.

Advisory Workgroups

1. Rate Rebase and OAP Redesign Provider Advisory Group

- Twelve providers nominated by NE provider associations
- In person meetings - review draft protocols, analyze findings, inform decision making

2. DDD Program Staff Briefings

- Meetings to gather information from program staff regarding service protocols & standards
- Staff briefings re: rate reform approach, decisions, and progress and seek input

3. Rate Rebase and OAP Redesign Stakeholder Workgroup

- Statewide participation from the spectrum of stakeholder groups
- Webinars coordinated with RR and OAP Redesign PAG meetings

Phase I Rate Rebase Overview

Provider General Ledger Review

- Revenue and Expenses for SFY15, SFY16, & SFYTD17 (through 9/30/16)
- Review of raw data extracted from provider accounting systems
- Data to categorize and allocate revenue/expenses by service, type, and date

Determine the costs of providing services

- Compare service costs to service revenue
- Calculate the percentage of each cost component

Cost Template Sample Data – Revenue and Expenses

Accounting Methodology							
	Service 1	Service 2	Service 3	DDD Non Waiver	Non-DDD	Fund Raising	Total
Expenses							
Admin Allocation	\$ 2,681	\$13,013	\$ 6,483	\$ 1,331	\$ 257	\$ 1,236	\$ 25,000
Wages	\$ 10,000	\$50,000	\$ 25,000	\$ 5,000	\$ 1,000	\$ 5,000	\$ 96,000
ERE	\$ 1,000	\$ 5,000	\$ 2,500	\$ 500	\$ 100	\$ 500	\$ 9,600
Program Support	\$ 2,000	\$10,000	\$ 5,000	\$ 1,000	\$ 200	\$ 1,000	\$ 19,200
Other	\$ 800	\$ 3,200	\$ 1,200	\$ 500	\$ 50	\$ -	\$ 5,750
Non-Allowable	\$ 300	\$ 250	\$ 400	\$ -	\$ -	\$ -	\$ 950
Total w/o admin	\$ 14,100	\$68,450	\$ 34,100	\$ 7,000	\$ 1,350	\$ 6,500	\$131,500
Total w/ admin	\$ 16,781	\$81,463	\$ 40,583	\$ 8,331	\$ 1,607	\$ 7,736	\$156,500
Admin%	16%	16%	16%	16%	16%	16%	16%
Revenue	\$ 18,000	\$80,000	\$ 39,000	\$ 9,000	\$ 1,500	\$ 8,000	\$155,500
Profit/Loss	\$ 1,219	\$ (1,463)	\$ (1,583)	\$ 669	\$ (107)	\$ 264	\$ (1,000)
Margin	9%	-2%	-5%	10%	-8%	4%	-1%

Cost Template Sample Data – Cost Component %

Accounting Methodology							
	Service 1	Service 2	Service 3	DDD Non Waiver	Non-DDD	Fund Raising	Average
Expenses							
Admin Allocation	16%	16%	16%	16%	16%	16%	16%
Wages	60%	61%	62%	60%	62%	65%	61%
ERE	6%	6%	6%	6%	6%	6%	6%
Program Support	12%	12%	12%	12%	12%	13%	12%
Other	5%	4%	3%	6%	3%	0%	4%
Non-Allowable	2%	0%	1%	0%	0%	0%	1%
% Expenses per Cost Center	11%	52%	26%	5%	1%	5%	100%
Revenues							
% Revenues per Cost Center	12%	51%	25%	6%	1%	5%	100%
Profit/Loss Margin	9%	-2%	-5%	10%	-8%	4%	-1%

II. General Ledger Review

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General Ledger Review Process

- **Provider Selection**
 - Representative Sample – services, geographic location, agency size
 - Confirm participation
- **Finalize Pilot General Ledger Review Protocols**
- **General Ledger Review Pilot**
 - 3 volunteer providers from the Provider Advisory Group
 - Completed 3/25/17
- **Minor Revises to General Ledger Review Protocols**
- **Post Pilot General Ledger Review**
 - 6 additional providers completed general ledger analysis
 - Challenges

General Ledger Review - Provider Participation & Challenges

Breakdown:

- 25 providers were included in the project and had GL/payroll data requested
- 9 provided general ledger information with service and expense type detail
- 3 shared incomplete information (work in progress)
- 4 deferred until a later date
- 9 providers declined participation

Challenges include:

- Concerns regarding the task level of effort
- Providing costs at a service and type level of detail

General Ledger Review – Next Steps

Require participation of all providers – identification of two categories

1. Providers able to delineate expenses by category and by service
2. Providers unable to delineate expenses by category and by service

1. Complete up to 21 additional reviews of July 2014 – September 2016

- 3 in progress
- 4 deferrals
- 14 additional providers – strategically selected by service offering

2. Require a collaborative corrective action plan for providers that are unable to submit requested data

- Work with providers to identify changes to accounting systems
- Assure expenses incurred after 7/1/17 can be accounted for by service and cost category

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General Ledger Review – Next Steps

Assure appropriate identification and accounting for all expenses

- Bulk of this work to be done in conjunction w/ collaborative corrective action plans
- Accounting and payroll system modifications must be implemented by 7/1/17 with phase-in for those unable to meet 7/1/17
- Mechanisms must be in place for DDD to ensure providers are implementing necessary measures

Validate Staffing Ratios in Congregate Settings

- Providers must provide information in a consistent format to be aggregated
- Utilize a provider survey developed in conjunction with the Provider Advisory Group (PAG)
- Pilot with PAG volunteers

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Provider Financial Accountability Standards / Requirements

11-005 FISCAL ACCOUNTABILITY: Each provider must have fiscal and budgetary financial systems that provide accounting for funds administered by and disbursed from the Department. Fiscal accountability must be consistent with generally accepted principles and standards set by the American Institute of Certified Public Accountants (AICPA).

11-005.01 Accounting System: The accounting system must:

1. Produce a complete, annual financial report;
2. Permit ready accountability of all sources of funding from the respective funding source;
3. Effect proper control of salaries and wages;
4. Produce payroll vouchers or statements for salaries and wages which: a. Are prepared at the end of each pay period; b. Show the employee's: (1) Name; (2) Position number; (3) Gross salary; (4) Taxes; and (5) All other deductions or contributions; and c. Are approved by the appropriate authority of the provider;
5. Maintain itemized records of: a. Personnel compensated in whole or in part with room and board; b. Charges for benefits; c. Expenditures for technical assistance; d. Cost of the operation of programs; e. Rent; f. Equipment leasing expenses; and g. Maintenance costs for of facilities and services;
6. Maintain accounting records in sufficient detail to allow for the calculation of the cost of services provided.

11-005.02 Annual Audit: The provider must contract with a certified public accountant licensed to practice in the State of Nebraska for an annual independent audit of its financial operations. This audit must be conducted using generally accepted auditing standards set by the AICPA Government Auditing Standards (Yellow Book), single Audit Act, and Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations as applicable as determined by the provider and its auditor.

III. Provider Training Survey

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Staff Training - Title 404; Chapter 4

Initial Orientation Pre-Service Training	In Service Training	
	Within 30 Days	Within 180 Days
Individual's choice	Emergency Procedures	Positive support techniques
Individual's rights	CPR	Approved emergency safety interventions
Dignity & respectful interactions	Basic First Aid	Habilitation, socialization & age appropriateness
ANE reporting requirements	Infection Control	Adaptive devices
	Individuals' Medical Protocols	Provider required training
	Individuals' Safety Protocols	Specific service options
		Positive support techniques

Provider Training Survey

Process

- Draft Survey reviewed by PAG
- Provider submission
- Follow up clarification
- Validation of data
- Distribution of results to PAG
- Validation by Service Coordinators

Provider Training Survey – Results for Initial Training

Requirement	Classroom	OJT
<u>Pre-Service Training</u>	Range: 2 to 15 hours Average: 8.96 hours	Range: 0 to 12 hours Average: 4.42 hours
<u>In-Service Training (w/in 30 days)</u>	Range: 7.5 to 18 hours Average: 10.83 hours	Range: 0 to 22 hours Average: 8.50 hours
<u>In-Service Training (w/in 180 days)</u>	Range: 8 to 60 hours Average: 26.50 hours	0 to 15.25 hours Average: 4.54 hours
<u>Initial Medicaid Administration</u>	Range: 2 to 19.5 hours Average: 9.30 hours	
<u>Behavior Risk</u>	Range: 3 to 16 hours Average: 9.50 hours	

Provider Training Survey – Results for Annual Training

Requirement	Classroom Training Hours
Annual Training	Range: 1 to 20 hours Average: 8.13 hours
Biennial Training	Range: 0 to 8.5 hours Average: 4.25 hours
Biennial Medication Administration Training	Range: 2 to 8.5 hours Average: 4.70 hours

Provider Training Survey – Overall Results

	Initial Year				Subsequent Years
	Classroom	OJT	Total	Behavior Risk	
Agency 1	61.75	16	77.75	3	17
Agency 2	72	13	85		12
Agency 3	42.5	7	49.5		4.5
Agency 4	54	28	82	16	7.5
Agency 5	33	12	45		22
Agency 6	41.5	28.75	70.25		10.25
Average	50.79	17.46	68.25	9.50	11.50

IV. Wrap Up

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Next Steps

Complete General Ledger Reviews

- Complete additional GL Reviews
- Provider Collaborative Corrective Action Plans
- Validate staffing ratios

Schedule Next Meeting (date to be determined)